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Congress of the United States
House of Representatives
COMMITTEE ON WAYS AND MEANS

WASHINGTON, DC 20515

SUBCOMMITTEE ON OVERSIGHT

March 7, 2012

Marilyn B. Tavenner
Acting Administrator
Centers for Medicare & Medicaid Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Acting Administrator Tavenner:

As the Chairman of the Subcommittee on Oversight, it is my responsibility to conduct oversight of the Centers for Medicare & Medicaid Services (CMS) and its efforts to protect the over \$500 billion in annual outlays under the Medicare program. The Government Accountability Office (GAO) estimates that nearly \$48 billion in Medicare payments were subject to fraud, waste, or abuse during fiscal year 2010, with an estimated \$34.3 billion in Medicare fee-for-service alone.¹

On March 2, 2011, the Subcommittee held a hearing on "Improving Efforts to Combat Health Care Fraud." At the hearing, CMS Deputy Director Dr. Peter Budetti stated the "Administration has made a firm commitment to rein in fraud and wasteful spending, and with the Affordable Care Act, we have more tools than ever before to implement important and strategic changes."² I write today to follow up on these efforts, and to request information about specific areas of concern for Medicare fraud. To assist the Subcommittee in understanding what CMS is doing to combat Medicare fraud, please provide answers to the following by March 21, 2012:

1. Under Section 1866 of the Social Security Act, the Secretary has the authority to impose temporary moratoriums on the enrollment of certain new providers when necessary to prevent or combat fraud, waste, or abuse within Medicare. Have you used or considered use of this authority, and if so, please detail the circumstances.

¹ GAO, Medicare Integrity Program: CMS Used Increased Funding for New Activities but Could Improve Measurement of Program Effectiveness (July 2011), GAO-11-592.

² *Public and Private Sector Efforts to Detect Fraud in the Health Care System: Hearing Before the House Comm. On Ways and Means Subcomm. on Oversight 112th Cong.* (2011) (statement of Dr. Peter Budetti, Deputy Administrator, Centers for Medicare and Medicaid Services).

2. Section 1866(j) of the Social Security Act requires that all Medicare providers and suppliers be screened for potential threats to Medicare integrity by March 23, 2013. In Dr. Budetti's responses to questions for the record, he said CMS would "require off-cycle revalidations of enrollment records... to meet this deadline." How many Medicare providers and suppliers have been screened as of the date of this letter, and do you anticipate meeting the March 2013 deadline?

Rep. Kevin Brady (TX-R) recently brought to my attention a series of *Houston Chronicle* reports regarding apparent Medicare fraud in Texas. They include findings that Medicare paid \$62 million to private ambulance services in Houston during 2009, while paying just \$7 million in all of New York City the same year. It is estimated that \$488 million was paid to non-emergency Houston ambulance providers between 2005 and 2010, making the area an incredible outlier for Medicare reimbursement. In light of these reports, and to better understand areas of vulnerability to Medicare fraud, please provide the following information:

3. The amount of suspected overpayments that have been identified in the Houston area in the past five years, as well as the total amount that has been recovered by program integrity contractors;
4. The top ten geographic areas for Medicare reimbursements for home health care, private ambulance services, durable medical equipment, outpatient mental health care, and outpatient substance abuse care for the past five years, both in number of claims and their dollar amount; and
5. For each geographic area identified above, the total number of Medicare beneficiaries, the number of paid claims, and the dollar amount of paid claims within each geographic area for the past five years.

I know you share my commitment in preventing and combating Medicare fraud, waste, and abuse, and thank you for your assistance in this request. Should you have any questions, please contact Chris Armstrong of the Subcommittee staff at (202) 225-5522.



Charles Boustany, JR, MD
Chairman